

Message Text

UNCLASSIFIED

PAGE 01 ROME 05574 041859Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 AGRE-00 /099 W
-----050046Z 055626 /73

R 041800Z APR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 3797
TREAS DEPT WASHDC
INFO USMISSION EC BRUSSELS
AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
USMISSION OECD PARIS
AMCONSUL TRIESTE
AMCONSUL TURIN

UNCLAS ROME 5574

E.O. 11652: N/A
TAGS: EFIN IT
SUBJ: PROPOSED PSI ECONOMIC PROGRAM

1. /SUMMARY /. MILAN'S "24 ORE" APRIL 3 CARRIED REPORT
ON PROPOSED ECONOMIC PROGRAM OF SOCIALIST PARTY (PSI) WHICH HAS
HAS BEEN CIRCULATED TO PARTIES OF "CONSTITUTIONAL ARC" AS BASIS
FOR DISCUSSION OF POSSIBLE PROGRAMMATIC ACCORD AMONG THESE PARTIES.
MAJOR EMPHASIS IS GIVEN TO EMPLOYMENT AND SOUTHERN DEVELOPMENT.
ECONOMIC SECTION OF REPORT DEALS WITH SIX SUBJECTS: (1) FACTORS
RESPONSIBLE FOR ECONOMIC CRISIS AND SUGGESTED ECONOMIC STABILIZATION
STRATEGY ; (2) CONTROL OVER COSTS OF PRODUCTION ; (3) SHORT-TERM
DIRECT ACTION ON BALANCE OF PAYMENTS PROBLEM; (4) LABOR POLICY
IN THE SOUTH, LABOR MOBILITY AND UNEMPLOYMENT; (5) REFORM OF
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 05574 041859Z

PUBLIC FINANCE AND TAX COLLECTION POLICIES; AND (6) IMMEDIATE
ACTION TO STIMULATE ECONOMIC RECOVERY./END SUMMARY/.

2/ ECONOMIC CRISIS/. DOCUMENT CALLS FOR PROMPT ADOPTION OF
ARRAY OF UNSPECIFIED STRUCTURAL MEASURES AIMED AT PRODUCING
BOTH IMMEDIATE AND MEDIUM-TERM RESULTS. IN SHORT RUN,
DOCUMENT POSPOSES ACTION TO DEAL WITH SELF-GENERATING INFLATION

AND TO REDUCE DEPENDENCE OF ITALIAN ECONOMY ON FOREIGN SOURCES.

3/. COSTS OF PRODUCTION/. PSI ENDORSES JANUARY AGREEMENT REACHED BETWEEN UNIONS AND CONFINDUSTRIA WHICH IS AIMED AT RAISING PRODUCTIVITY AND CONTAINING INCREASE IN LABOR COSTS BUT SAYS THAT SUCH SACRIFICES ARE ONLY SOCIALLY AND POLITICALLY ACCEPTABLE IF ACCOMPANIED BY FLEXIBLE CONTROL OF AND MONITORING OF PRICES.

4/. SHORT TERM BALANCE OF PAYMENTS/. DOCUMENT CALLS FOR URGENT REDUCTIONS IN IMPORTS OF CONSUMER GOODS WITH QUOTAS ON LIGHT FUEL OIL (GASOLIO) FOR HEATING DURING WINTER 1977-1978 AND LIMITS ON DOMESTIC CONSUMPTION OF GASOLINE AND BEEF.

5. /LABOR POLICY/. PROGRAM CALLS FOR INCREASE IN JOBS IN MEZZOGIORNO THROUGH ADDITIONAL APPROPRIATIONS FOR PROGRAMS IN AGRICULTURE, THE FOOD INDUSTRY AND FOR SUBSIDIZED HOUSING. DOCUMENT ALSO PROPOSES NEW JOB PLACEMENT AND LABOR MOBILITY MECHANISM TO FACILITATE INDUSTRIAL RECONVERSION AS WELL AS REFORM OF CASSA D'INTEGRAZIONE (WAGE SUPPLEMENT FUND).

6/ PUBLIC FINANCE/. PSI PROPOSES TO LIMIT PUBLIC EXPENDITURES TO A GROWTH RATE EQUAL TO THAT OF GDP IN NOMINAL TERMS AND TO SHIFT PRIORITIES AMONG TYPES OF EXPENDITURES. ALSO, TAX COLLECTIONS WOULD BE MADE MORE EFFICIENTLY AND MORE JUSTLY. PROGRAM CALLS FOR AT LEAST THREE-YEAR FORECASTS OF CASH EXPENDITURES OF PUBLIC ADMINISTRATION. ALSO INCLUDED IN PSI PROGRAM ARE: FULL MOBILITY OF LABOR WITHIN PUBLIC ADMINISTRATION, LIMITS ON HEALTH EXPENDITURES, CONSOLIDATION OF DEBT AND BETTER REGULATION OF LOCAL GOVERNMENT EXPENDITURES, REDUCTION IN TAX EVASION, UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ROME 05574 041859Z

INCREASES IN VALUE ADDED TAX RATES ONLY IN ORDER TO IMPROVE FOREIGN TRADE BALANCE AND LIMIT CONSUMPTION OF INDIVIDUAL ITEMS, REVISION OF MANUFACTURING TAX ON LUXURY GOODS, MODIFICATIONS IN PROGRESSIVENESS OF PERSONAL INCOME TAX RATE SCHEDULE AND INTRODUCTION OF NEW TAX ON REAL ESTATE.

7/ ECONOMIC RECOVERY/. PSI PROPOSES REFORM OF SYSTEM OF STATE HOLDING COMPANIES, MEASURES TO EFFECT INDUSTRIAL RECONVERSION, STRENGTHENING OF AGRICULTURAL SECTOR INCLUDING RENEGOTIATION OF EC COMMON AGRICULTURAL POLICY AND STIMULATION OF SUBSIDIZED HOUSING.

8./ COMMENT/. PSI DRAFT PROGRAM IS CLEARLY IN EARLY STATE OF DEVELOPMENT AIMED MAINLY AT KEEPING UP MOMENTUM OF RECENT BILATERAL TALKS AMONG POLITICAL PARTIES. THE PSI INTENDS TO BEGIN A SECOND ROUND OF BILATERAL CONSULTATIONS WITH THE PARTIES OF THE CONSTITUTIONAL ARC FOLLOWING THE EASTER VACATION BREAK, AND IT HOPES THAT THESE WILL EVENTUALLY LEAD TO A NEW GOVERNING FORMULA FOR THE COUNTRY IN WHICH THE PARTIES OF THE LEFT WILL BE MORE

DIRECTLY INVOLVED.GARDNER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY LINE, POLITICAL PARTIES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME05574
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770117-0529
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770490/aaaadbal.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7d6f79aa-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2906767
Secure: OPEN
Status: NATIVE
Subject: PROPOSED PSI ECONOMIC PROGRAM
TAGS: EFIN, IT, PSI
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7d6f79aa-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009